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State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 22, 2005

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 2236

Dexter Anderson
Red Dome Inc.
730 North 3900 West
Fillmore, Utah 84631

Subject: Need for Surety and Approval to Mine, Red Dome Inc., Red Dome,
M/027/032, Millard County, Utah

Dear Mr. Anderson:

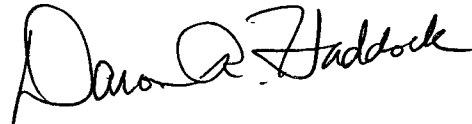
On November 1, 2005 the Division again determined the Red Dome Mine does not qualify as a Sand and Gravel operation and is not exempt from the permitting requirements of the Reclamation Act. On October 28, 2005, a revised mining map and some replacement pages that impacted the active mine disturbance of the plan was submitted. The new submittal is not complete based on the existing disturbance not shown as disturbed, but qualifies as mining related disturbance.

Because a complete and technically adequate plan has not been submitted to allow an accurate estimate of reclamation surety, Red Dome, Inc. is now required to post a \$150,000 reclamation bond, which includes the \$44,000 surety the BLM holds. The BLM surety must be changed to name the Division as a co-beneficiary and an additional \$106,000 posted naming both the Division and the BLM, or Red Dome can post one surety for \$150,000 naming both the Division and BLM, at which time the \$44,000 surety could be released.

Dexter Anderson
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The Division desires to have this permitting and bonding matter taken care of by or before January 15, 2005. If this is not resolved, the Division may be forced to take enforcement action. If you have any questions or concerns regarding this letter, please contact me at 538-5258 or Tom Munson at 538-5321.

Sincerely,



for

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:tm:jb

cc: Jerry Mansfield, BLM Fillmore

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